

AGREEMENT

Recitals

1. This agreement is between the State Lands Commission and the California Coastal Conservancy (collectively referred to as "the State agencies") and Lechuza Villas West ("Lechuza").
2. The State Lands Commission, the California Coastal Commission and Lechuza have been engaged in litigation known as *Lechuza Villas West v. California Coastal Commission*, Los Angeles Superior Court No. BC076855 and California Court of Appeal No. B131770 ("the litigation"). The litigation concerns Lechuza's ownership of and right to develop certain property on Lechuza Beach in Malibu (the "property").
3. Lechuza and the State Lands Commission wish to explore the possibility of settling the litigation through public acquisition of the property. Lechuza and the ^{WG} STATE LANDS COMMISSION ~~State agencies~~ have entered into negotiations to purchase the property, which are part of the negotiations to settle the litigation.
4. In order to make a final decision about acquisition of the property, the State agencies need to obtain an independent appraisal of the fair market value of the property. Lechuza has prepared an appraisal of the property, dated September 15, 1999, and a supplemental appraisal analysis, dated November 21, 1999, that it proposes to be sent to the Department of General Services Office of Real Estate

and Design Services (OREDS) for its review and independent analysis. OREDS' analysis would be used by the State agencies in any further negotiations for acquisition of the property.

Agreement

The parties make the following agreement:

1. The review of any appraisal or related documents provided by Lechuza, and any determinations, letters, opinions or evaluations of any kind or nature prepared by the State or one of its agencies that are associated with this review including, but not limited to, a formal or informal offer to purchase the property, are part of the settlement negotiations and are not admissible in any judicial proceeding that may occur in the future with respect to the litigation or any other litigation to which the State or one of its agencies is a party.
2. The review of any appraisal or related documents provided by Lechuza, and any determinations, letters, opinions or evaluations of any kind or nature by the State or one of its agencies that are associated with this review including, but not limited to, a formal or informal offer to purchase the property, are confidential and need not be disclosed by the State or its agencies except to the extent that the disclosure is required by the Public Records Act (Gov. Code, §§ 6250 et seq.). Should the State in its discretion disclose any of this appraisal-related information to Lechuza, Lechuza and its agents shall not disclose the information to anyone else without

the consent of the State agencies.

3. The State agencies have the discretion to disclose additional information to OREDS and to issue any instructions to OREDS that they determine are appropriate regarding the scope, contents and manner in which OREDS' review is performed.
4. The appraisal review and other related information that is obtained during this process provides only a basis for further negotiation. It is understood by all parties that a determination of fair market value is only one aspect of the State's decision to acquire the property. In entering this agreement and in pursuing negotiations for acquisition, none of the parties to this agreement make any commitment to purchase or sale of the property, regardless of the result of OREDS' independent review.
5. This agreement reflects the parties' entire agreement upon this matter. The agreement is binding on Lechuza, its general and limited partners, employees, agents, assigns, and any successors in interest.

Dated: 12-2-1999

Norman R. Haynie
Norman Haynie, General Partner,
Lechuza Villas West

Dated: _____

Fred N. Gaines, Attorney for
Lechuza Villas West

Dated: 12/8/99

William Ahern
William Ahern, Executive Officer
State Coastal Conservancy

Dated: 12/7/99

Joseph Barbieri
Joseph Barbieri, Attorney for
the State Lands Commission